



U.S. Department of Justice

*United States Attorney
District of Maryland
Northern Division*

*Thomas M. DiBiagio
United States Attorney*

*Vickie E. LeDuc
Public Information Officer*

*6625 United States Courthouse
101 West Lombard Street
Baltimore, Maryland 21201-2692*

*410-209-4800
TTY/TDD: 410-962-4462
410-209-4885
FAX 410-962-3091
Vickie.LeDuc@usdoj.gov*

**May 7, 2003
FOR IMMEDIATE RELEASE**

**FOR FURTHER
INFORMATION CONTACT:
VICKIE E. LEDUC, AUSA
(410) 209-4885**

**MORTGAGE FLIPPER RINGLEADER PLEADS GUILTY TO CONSPIRACY TO
MAKE FRAUDULENT MORTGAGE LOAN APPLICATIONS**

BALTIMORE, Maryland - Thomas M. DiBiagio, United States Attorney for the District of Maryland, announced today that William O. Schmidbauer, age 64, of Perry Hall, Maryland, pled guilty today to conspiracy to make and submit fraudulent statements in mortgage loan applications.

Schmidbauer was the ringleader of a widespread mortgage flipping scam perpetrated in Baltimore. In a statement of facts provided to the court as part of the plea agreement, Schmidbauer admitted that he operated Schmidbauer Realty in Baltimore, Maryland between 1990 to 2000. During that time, Schmidbauer prepared and caused others to prepare and/or submit numerous false documents to various lenders in connection with applications for real estate loans which were to be insured under the first-time home buyers program of the Federal Housing Administration (FHA), an agency of the United States Department of Housing and Urban Development. Among these documents were verifications of employment and rent, drivers' licenses, Social Security cards, paystubs, Forms W-2, and letters evidencing credit accounts of the purchasers with various companies. Schmidbauer also caused numerous individuals to sign various loan papers which

contained false and fraudulent information. Based on these fraudulent documents, at least 58 loans were insured by FHA, 48 of which are in default and been foreclosed upon, with FHA suffering a loss of approximately \$2.5 million to date.

Schmidbauer faces a maximum sentence of 5 years imprisonment, 3 years of supervised release, fines up to twice the amount of loss, forfeiture of property and restitution to HUD. United States District Judge Nickerson has scheduled sentencing for September 5, 2003.

The case is a result of a multi-year investigation by the HUD Office of Inspector General and Inspectors from the United States Postal Service. The case was prosecuted by Assistant U.S. Attorney P. Michael Cunningham.